

AW:TYH
F.#2004R01976
sashaind.wpd

FILED
IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

★ SEP 27 2006 ★
BROOKLYN OFFICE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- against -

ALEXANDER DZEDETS,
also known as "Sasha
Dzedets."

Defendant.

I N D I C T M E N T
CR. No. 00 644
(T. 18, U.S.C., §§ 371,
1341, 2 and 3551 et
seq.)

THE GRAND JURY CHARGES:

GLASSER, J.
GOLD, M.J.
GOLD M.J.

INTRODUCTION

At all times relevant to this Indictment, unless otherwise indicated:

1. The Commodities Futures Trading Commission ("CFTC") was an independent federal regulatory agency charged with administering and enforcing provisions of the Commodity Exchange Act, which is codified at Title 7, United States Code, Sections 1 et seq.

2. From in or about and between October 2000 and March 2002, A.S. Templeton Group, Inc. ("AST") was a Delaware corporation with offices located at 1911 Richmond Avenue, Suite 100, Staten Island, New York. AST held itself out to the investing public as a brokerage firm that managed investments for

retail customers in the foreign currency exchange ("Forex") market. The Forex investments that AST purported to make for its customers involved futures contracts, which could be settled by either (a) the future delivery of foreign currencies or (b) the payment of the value of the contracts in United States dollars. As such, they were subject to regulation by the CFTC. AST was not registered with the CFTC in any capacity.

3. The defendant ALEXANDER DZEDETS, also known as "Sasha Dzedets," founded AST and was one of the three principals. DZEDETS was principally responsible for soliciting investments from potential customers. DZEDETS was not registered with the CFTC in any capacity.

COUNT ONE
(Mail Fraud Conspiracy)

4. The allegations in paragraphs 1 through 3 are realleged and incorporated as if set forth in full in this paragraph.

5. In or about and between October 2000 and March 2002, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant ALEXANDER DZEDETS, also known as "Sasha Dzedets," along with others whose identities are known and unknown to the Grand Jury, did knowingly and intentionally conspire to execute and attempt to execute a scheme and artifice to defraud customers of AST, and

to obtain money and property from customers of AST, by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme and artifice, and attempting to do so, to cause mail matter to be delivered by the United States Postal Service, in violation of Title 18, United States Code, Section 1341.

6. It was a part of the scheme and artifice that the defendant ALEXANDER DZEDETS and others recruited and employed a sales force of brokers that operated as a "boiler room" in which each broker was tasked with making hundreds of telephone calls each day to solicit funds from potential customers using high pressure sales tactics.

7. It was a further part of the scheme and artifice that the defendant ALEXANDER DZEDETS and others made and caused AST brokers to make false, fraudulent and misleading representations to potential retail customers in order to gain their trust. For instance, the AST brokers commonly represented to potential customers that the brokers had many years' experience working in the Forex market, when, in truth and in fact, the brokers had little or no experience in the Forex market.

8. It was a further part of the scheme and artifice that the defendant ALEXANDER DZEDETS and others made and caused AST brokers to make false, fraudulent and misleading

representations regarding the profits AST generated from Forex trading. For instance, customers were told that AST historically generated for its customers profits as high as 42 percent per year, when, in truth and in fact, AST generated little or no profits for its customers from trading in the Forex market.

9. It was a further part of the scheme and artifice that the defendant ALEXANDER DZEDETS and others made and caused AST brokers to make false, fraudulent and misleading representations regarding AST's use of investor funds. AST brokers told retail customers that AST's customer investment funds were pooled together and used to invest in the Forex market. In truth and in fact, however, AST failed to transfer a large majority of the investor funds to any Forex trading firm for the purpose of executing Forex trades. Rather, DZEDETS and others diverted a majority of the investor funds (a) to pay personal expenses, (b) to pay AST's operating expenses, and (c) to personal and unrelated corporate accounts under the control of DZEDETS and others.

10. It was a further part of the scheme and artifice that the defendant ALEXANDER DZEDETS and others, in order to generate additional investments and to hide their diversion of customer funds, created and mailed and caused to be created and mailed false, fraudulent and misleading client account statements, which described trading activity purportedly

undertaken on behalf of the customers, and purported resulting profits and/or losses, when, in truth and in fact, no such trading activity had occurred.

11. It was a further part of the scheme and artifice that the defendant ALEXANDER DZEDETS and others, after they diverted a majority of the investor funds, in order to conceal their diversion, created and mailed to AST customers false, fraudulent and misleading account statements, which represented that trades made for the customers had generated sudden catastrophic losses, which DZEDETS and others claimed necessitated the liquidation of the investment pool and the return of each customer's proportional share of the remaining funds.

12. It was a further part of the scheme and artifice that in or about and between October 2000 and March 2002, AST received from over 300 retail customers approximately \$10 million. These funds were deposited into AST's client accounts (the "Client Accounts"). During this same time period, the defendant ALEXANDER DZEDETS and others transferred in excess of \$4.3 million from accounts held by AST directly to their own accounts or those controlled by their associates. Also during this period, DZEDETS and others transferred a total of approximately \$1.6 million to AST's operating account (the "Operating Account"), from which various AST business expenses

were paid. When DZEDETS and others liquidated the investment pool, they returned only approximately \$3 million to the customers as their proportional share of what remained after the purported losses from trading in the Forex markets.

13. In furtherance of the conspiracy and to effect its objectives, within the Eastern District of New York and elsewhere, the defendant ALEXANDER DZEDETS, together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

- a. In or about September 2000, DZEDETS met with others in Brooklyn, New York and discussed setting up AST.
- b. In or about October 2000, DZEDETS and his coconspirators caused the AST certificate of incorporation to be filed.
- c. In or about September 2001, DZEDETS assumed primary managerial responsibilities for AST after his partner became incapacitated.
- d. In or about February 2002, DZEDETS told an AST customer ("Customer #1") that market forces caused Customer #1 to lose a substantial amount of money.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNTS TWO THROUGH SIX
(Mail Fraud)

14. The allegations in paragraphs 1 through 3, and 5 through 13 are realleged and incorporated as if fully set forth in this paragraph.

15. In or about and between October 2000 and March 2002, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant ALEXANDER DZEDETS, also known as "Sasha Dzedets," along with others whose identities are known and unknown to the Grand Jury, did knowingly and intentionally devise a scheme and artifice to defraud customers of AST, and to obtain money and property from customers of AST, by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, did place and cause to be placed in a post office or authorized depository for mail matter matters and things to be sent and delivered by (a) the United States Postal Service and (b) a private and commercial interstate carrier, to wit, letters, statements and other documents, to customers of AST, as follows:

COUNT	APPROXIMATE DATE OF MAILING	DESCRIPTION OF MATTER	POINT OF ORIGIN	DESTINATION
TWO	10/24/01	Letter to Customer #2 confirming \$20,000 deposit	1911 Richmond Ave., Suite 100, Staten Island, NY	5650 Heleo Ave. Temple City, CA

COUNT	APPROXIMATE DATE OF MAILING	DESCRIPTION OF MATTER	POINT OF ORIGIN	DESTINATION
THREE	1/04/02	Letter to Customer #3 confirming \$9,000 deposit	1911 Richmond Ave., Suite 100, Staten Island, NY	3751 79 th Avenue SE Mercer Island, WA
FOUR	01/25/02	Letter to Customer #4 confirming \$2,000 deposit	1911 Richmond Ave., Suite 100, Staten Island, NY	143 Main Street Glen Rock, NJ
FIVE	2/04/02	Letter to Customer #5 confirming \$70,000 deposit	1911 Richmond Ave., Suite 100, Staten Island, NY	15 Ampolla Ln. Hot Springs, AR
SIX	02/22/02	Letter to Customer #6 confirming \$21,000 deposit	1911 Richmond Ave., Suite 100, Staten Island, NY	5517 N. Samson Ave. Boise, ID

(Title 18, United States Code, Sections 1341, 2 and 13551 et seq.)

A TRUE BILL



FOREPERSON

Roslyn R. Mauskopf
ROSLYNN R. MAUSKOPF
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

No.

UNITED STATES DISTRICT COURT

EASTERN *District of* NEW YORK

CRIMINAL *Division*

THE UNITED STATES OF AMERICA

vs.

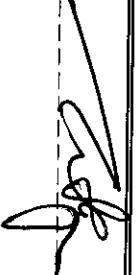
ALEXANDER DZEDETS,
aka "SASHA DZEDETS

et. al.

INDICTMENT

(T. 18, U.S.C., §§ 371, 1341, 2 and 3551 et seq.)

A true bill.



Foreman

Filed in open court this _____ day,

of _____ A.D. 19 _____

Clerk

Bail, \$ _____

AUSA TANYA HILL (718) 254-6144